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FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC 8919
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEHKO/AMEMBASSY TOKYO 1930
RUEHBJ/AMEMBASSY BEIJING 5013
RUEHBY/AMEMBASSY CANBERRA 2452
RUEHUL/AMEMBASSY SEOUL 4568
RUEAIIA/CIA WASHDC

UNCLAS JAKARTA 000890

SENSITIVE
SIPDIS

DEPT FOR OES/ENRC, EAP/MTS, EAP/RSP
USTR FOR MLINSCOTT, DBROOKS
TREASURY FOR KBERG
USAID FOR ANE, EGAT [CBARBER, MMELNICK]
BANGKOK FOR RDM/A

E.O. 12958: N/A

TAGS: [SENV](#) [EAID](#) [KGHG](#) [ECON](#) [PGOV](#) [ID](#)

SUBJECT: INDONESIA'S SINAR MAS FORESTRY GROUP ON NGO PARTNERSHIPS,
AREAS OF COOPERATION

REF: JAKARTA 732

1. (SBU) Asia Pulp & Paper (APP) and its Indonesian fiber supplier, Sinar Mas Forestry (SMF) wants to collaborate with environmental NGOs to improve the management and conservation value of its concessions, according to Fergus MacDonald, General Manager of Conservation Management. He points out that SMF is undertaking conservation activities on its own, but needs the technical expertise and experience of environmental NGOs to do the job well. Despite a previous failed partnership between APP/SMF and Worldwide Fund for Nature (WWF), MacDonald (who happens to be a former WWF employee) says that he and his management colleagues would welcome the opportunity to discuss and clear up past "misunderstandings". This would pave the way for the company to work closely with other conservation NGOs such as Wildlife Conservation Society (WCS). Post previously reported that bad blood between WWF and APP/SMF might be preventing a potential partnership with WCS (reftel).

We're Trying to Be Good, Really

2. (SBU) MacDonald told us that SMF is introducing conservation management plans for all its concessions (over 3 million hectares throughout Indonesia). It also sets aside a higher proportion (anywhere from 3-15% more) of its concessions' land-area for conservation than the Indonesian requirement of 10%. However, SMF's expertise is not conservation but profit, which is why the company needs expert NGOs to help it manage its concessions better. MacDonald acknowledges that ground realities might differ from SMF's stated objectives, but insists that SMF's top management is fully behind these conservation plans. He also revealed that SMF is collaborating with an international NGO on orangutan conservation in Kalimantan. That the NGO is unnamed due to a confidentiality agreement highlights the sensitivity over NGOs collaborating with companies like APP/SMF, which they view as among the worse forestry companies in terms of environmental practices.

Land Tenure and Other Areas for Assistance

3. (SBU) MacDonald highlighted the areas where NGOs can best assist SMF:

- Technical assistance (conservation studies and surveys in and around SMF forest concessions) leading to management strategies;
- Education and awareness training for SMF staff and local communities in/around concessions, including on human-animal conflict; and
- Implementation of conservation management strategies

14. (SBU) MacDonald also emphasized another area of fundamental importance to conservation in general, and to SMF's business specifically: land use and tenure rights. He lamented the frequent occurrence of encroachment on SMF holdings, noting that the company has often obtained concessions only to find anywhere from a few percent to one-half of the concession degraded or encroached upon. Not only does the unclear demarcation of property and land use rights in Indonesia hurt forestry and plantation companies, he pointed out; it also creates a situation that both allows and encourages encroachment, illegal logging, and unsustainable resource exploitation by individuals and communities alike. NGOs that lobby and work with the central government as well as local governments to sort out spatial planning and land tenure would be doing everyone a great favor.

HUME